

Message Text

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ACTION EB-08

INFO OCT-01 ARA-10 ISO-00 CAB-02 CIAE-00 COME-00
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FM AMEMBASSY LIMA

TO SECSTATE WASHDC IMMEDIATE 1572

LIMITED OFFICIAL USE SECTION 1 OF 2 LIMA 7596

E.O. 11652: N/A

TAGS: EAIR, PE

SUBJECT: CIVAIR: BRANIFF APPLICATION

REF: A. STATE 212543, B. STATE 204947, C. STATE 200319

1. SUMMARY: GOP NOT LIKELY TO APPROVE BRANIFF APPLICATION FOR DALLAS/FT WORTH ROUTE. THREATENED CUT-OFF OF AEROPERU LOS ANGELES CHARTERS DOES NOT APPEAR TO PROVIDE LEVERAGE SINCE FLIGHTS APPEAR TO BE UNSUCCESSFUL VENTURE. PERUVIANS CLEARLY PREFER TO NEGOTIATE AGREEMENT LIMITED TO FEW POINTS (I.E. ROUTE/FREQUENCY TRADE-OFF FOR NEW YORK, FARES, CHARTERS) BUT ARE NOT PREPARED TO GO FOR BROADER ACCORD MATCHING USG POLICY. GOP PUTTING DALLAS/FT WORTH ROUTE ON PAR WITH NEW YORK AND WILL NOT MAKE PROPOSAL PROVIDING A MORE BALANCED TRADE-OFF. DEPARTMENT MAY WISH TO SUGGEST SUCH PROPOSAL TO SEE IF GOP REALLY INTERESTED IN ANY AGREEMENT. END SUMMARY.

2. ECON OFF CALLED ON DGTA COL SANCHEZ AND TRANSPORT MINISTRY LAWYER LEON DE VIVERO AUG 23 TO PURSUE MATTER OF BRANIFF APPLICATION FOR DALLAS/FT WORTH ROUTE. LEON DE VIVERO OPENED MEETING TO ANNOUNCE THAT HE HAD INFORMATION WHICH NEITHER EMBOFF NOR SANCHEZ KNEW, NAMELY USG WOULD AUTHORIZE AEROPERU FLIGHTS TO NEW YORK IN RETURN FOR GOP AUTHORIZATION OF DALLAS/

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FT WORTH TO BRANIFF. HE CLAIMED HE HAD RECEIVED INFORMATION FROM PERUVIAN EMBASSY IN WASHINGTON.

3. ECON OFF NOTED THAT INFORMATION COULD NOT BE CORRECT SINCE DEPARTMENT HAD NOT ADVISED THIS EMBASSY OF SUCH AGREEMENT. RATHER US POSITION IS THAT USG EXPECTS GOP TO APPROVE BRANIFF APPLICATION IN VIEW OF FORTHCOMING AND FLEXIBLE ATTITUDE

SHOWN BY USG TOWARD AEROPERU EXTRA FLIGHTS AND CHARTERS OVER PAST MONTHS AND IN LIGHT OF GOP CLAIMS THAT IT TOO IS PURSUING A FLEXIBLE POLICY. MOREOVER, HE ADDED, DALLAS/FT WORTH WAS ALREADY CONTAINED IN 1946 AGREEMENT. ECON OFF POINTED OUT PER REF A THAT CAB HAS EXPRESSED WILLINGNESS TO HALT APPROVALS OF AEROPERU'S LA CHARTER OPERATIONS IF BRANIFF APPLICATION NOT HANDLED SATISFACTORILY SOON.

4. LEON DE VIVERO RESPONDED THAT THREAT TO CUT OFF AEROPERU CHARTER FLIGHTS CARRIED NO WEIGHT SINCE CHARTER OPERATION ALREADY APPEARED TO BE BREAKING DOWN. HE AND SANCHEZ CLAIMED THAT CHARTER BROKER IN US HAD NOT OBTAINED SUFFICIENT CUSTOMERS TO MAKE ENTERPRISE WORTHWHILE. LEON DE VIVERO ATTRIBUTED LACK OF CHARTER OPERATION'S SUCCESS TO CAB'S POLICY OF APPROVING EACH CHARTER FLIGHT ONE AT A TIME (RATHER THAN GIVING BLANKET APPROVAL TO THE 50 OR SO PROPOSED CHARTER FLIGHTS AT THE OUTSET) AND THEN ONLY ONE OR TWO WEEKS BEFORE EACH FLIGHT. THIS, SAID LEON, MADE THE OPERATION TOO RISKY FOR THE CHARTER BROKER SINCE HE COULD NOT GUARANTEE TO HIS CUSTOMERS FAR ENOUGH IN ADVANCE THAT THEIR PLANE WOULD FLY. SANCHEZ STATED THAT THE CAB PRACTICE WAS INCONSISTENT WITH MANNER IN WHICH GOP HAD BEEN APPROVING CHARTER REQUESTS FROM US COMPANIES AND CONTRARY TO SPIRIT OF HIS DISCUSSIONS WITH US OFFICIALS REGARDING CHARTERS DURING FIRST ROUND OF NEGOTIATIONS IN MAY. LEON DE VIVERO, IMPLYING HE HAD SEEN DRAFT AIDE MEMOIRE GIVEN FOREIGN MINISTER (REF C), LIMITED OFFICIAL USE

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COMMENTED THAT IN HIS OPINION US HAD NOT BEEN FORTHCOMING VIS-A-VIS THE PERUVIANS AND ASSERTED THAT GOP HAD APPROVED MANY MORE EXTRA FLIGHTS AND CHARTERS FOR US LINES THAN HAD BEEN APPROVED FOR AEROPERU. ECON OFF POINTED OUT THAT US HAD APPROVED ALL SUCH FLIGHTS REQUESTED BY PERU AND DISPARITY WAS ONLY DUE TO LOWER NUMBER OF APPLICATIONS FROM PERUVIAN LINES.

5. ECON OFF INFORMED PERUVIANS THAT USG DOES NOT EQUATE FT WORTH/DALLAS MARKET WITH THAT OF NEW YORK, SO THAT SUCH A TRADE-OFF COULD NOT BE A REASONABLE BASIS FOR RESUMING NEGOTIATIONS. HOWEVER, HE NOTED, US WOULD BE WILLING TO CONSIDER A PERUVIAN PROPOSAL THAT, IN ADDITION TO THE DALLAS/FT WORTH ROUTE, WOULD ALSO INCLUDE OTHER BENEFITS TO US CARRIERS. SANCHEZ SAID THAT PERU HAD ALREADY ACCEDED TO US POSITION ON TARIFFS, CHARTERS AND AIRLINE SECURITY SO THAT HE FELT THERE IS NO NEED FOR ANY OTHER CONCESSION TO BALANCE AGAINST APPROVAL OF NEW YORK ROUTE.

6. AT ONE POINT SANCHEZ INDICATED HE WOULD WRITE LETTER TO DAS ATWOOD TO PRESENT PERUVIAN POSITION AND ATTEMPT TO RESUME NEGOTIATION. ECON OFFICER TREID TO ENCOURAGE

SANCHEZ TO DO SO AND TO INCLUDE IN HIS LETTER SOME FORM OF PROPOSAL THAT US WOULD SEE AS REASONABLE BASIS FOR NEGOTIATION, I.E. DALLAS/FT WORTH PLUS SOME OTHER EXTRAS WHICH COULD TOGETHER BALANCE THE NEW YORK ROUTE. HOWEVER, LEON DE VIVERO DISCOURAGED SANCHEZ FROM PURSUING THIS APPROACH, STATING THAT ECON OFF WAS APPROPRIATE CONDUIT FOR TRANSMITTING PERUVIAN VIEWS.

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DODE-00 DOTE-00 INR-10 NSAE-00 FAA-00 L-03 SSO-00
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7. AT SEVERAL POINTS DURING MEETING LEON DE VIVERO STRESSED THAT USG HAS MORAL OBLIGATION TO "GIVE BACK" ("RESTITUIR") THE NEW YROK ROUTE TO AEROPERU WHICH HE CLAIMED HAD BEEN GRANTED DURING THE 1975 NEGOTIATION AND SUBSEQUENTLY TAKEN AWAY BY THE US. LEON ASSERTS THAT IN 1975 TALKS GOP HAD AGREED TO APPROVE 15 BRANIFF FLIGHTS PER WEEK TO PERU INSTEAD OF 12 IN EXCHANGE FOR APPROVAL OF NEW YROK ROUTE FOR AEROPERU. HOWEVER, DURING ENSUING 3 YEARS BRANIFF HAS BEEN TAKING ADVANTAGE OF THE THREE EXTRA FLIGHTS PER WEEK WHILE AEROPERU (AS A RESULT OF US ACTION, ACCORDING TO LEON) HAS NOT BEEN ABLE TO FLY TO NEW YORK. WHILE EMBASSY FILES ON 1975 NEGOTIATIONS ARE VOLUMINOUS, WE HAVE BEEN UNABLE TO FIND CHRONOLOGY OF DEVELOPMENTS ON SUBJECT OF AEROPERU FLIGHTS TO NEW YORK AND WOULD APPRECIATE RECEIVING RUNDOWN ON WHAT TOOK PLACE.

8. COMMENT: AT THIS JUNCTURE THERE DOES NOT APPEAR THAT THERE WILL BE ANY CHANGE SOON IN THE PERUVIAN POSITION. FROM LEON DE VIVERO'S REMARKS WE HAVE IMPRESSION THAT HE HAS MAJOR HAND IN PREPARING RESPONSE TO OUR DRAFT AIDE MEMOIRE AND, IF THIS IS CASE, WE EXPECT IT WILL BE REHASH OF OLD GOP ARGUMENTS

AND WILL NOT OFFER ANY OPPORTUNITY FOR AGREEMENT ALONG LINES
WE DESIRE. ALTHOUGH WE HAVE STRESSED TO HIGH LEVEL GOP
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OFFICIALS (FOREIGN RELATIONS, AIR FORCE AND TRANSPORT MINIS-
TERS) THE NEED FOR GOP TO ADOPT MORE FLEXIBLE ATTITUDE, NO
ONE SEEMS TO BE WILLING TO PUT PRESSURE ON LEON DE VIVERO
TO BE MORE FORTHCOMING.

9. AS THINGS STAND IT IS CLEAR GOP DOES NOT WANT TO
NEGOTIATE PACKAGE AGREEMENT ALONG LINES PROPOSED BY
USG IN FIRST TWO NEGOTIATING ROUNDS. BOTH SANCHEZ AND LEON
HAVE STATED THAT COUNTRIES SHOULD CONCENTRATE ON REACHING
ACCORD ON ITEMS (TARIFFS, CHARTERS, SECURITY) WHERE VIEWS
COINCIDE AND SET ASIDE FOR TIME BEING KNOTTIER PROBLEM OF
FREQUENCIES, CAPACITY AND ROUTES. NATURALLY GOP WOULD BE
WILLING TO DISCUSS NEW YORK--DALLAS/FT WORTH EXCHANGE AS
PART OF LIMITED AGREEMENT. IT SHOULD BE NOTED THAT LEON DE
VIVERO CLAIMS THAT PERU HAS BEEN ONE OF FEW COUNTRIES DEFENDING
LIBERAL FARE POLICY WITHIN ORGANIZATION OF LATIN AMERICAN
CIVIL AVIATION AUTHORITIES AND IMPLIES THAT USG SHOULD
REACH AGREEMENT WITH PERU ON THIS ISSUE BEFORE GOP MUST
GIVE IN TO PRESSURE FROM OTHER LATIN GOVERNMENTS.

10. AT THIS POINT IT IS OUR IMPRESSION THAT THE GOP
WILL NOT BE DISPOSED ANY TIME SOON TO MAKE AN AMPLIFIED
COUNTEROFFER BUILDING ON THE NEW YORK-DALLAS TRADEOFF.
THIS COULD CHANGE IF AEROPERU GOES AHEAD WITH THE
LOCKHEED TRANSACTION. BUT THERE IS NO ASSURANCE BY
ANY MEANS THAT ECONOMY MINISTER SILVZ RUETE WILL
APPROVE THAT DEAL. IF HE DOES NOT, THERE WILL BE NO
APPARENT INCENTIVE FOR THE GOP TO MOVE FROM ITS CURRENT
POSITION.

11. UNDER THE CIRCUMSTANCES WE MIGHT WANT TO CONSIDER
PRESENTING SUGGESTIONS FOR A TEMPORARY AGREEMENT BASED
ON THE NEW YORK-DALLAS TRADEOFF, BUT INCLUDING OTHER
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ITEMS SUCH AS INCREASED FREQUENCIES FOR BRANIFF. WE
WOULD AT LEAST BE DEMONSTRATING THAT WE ARE EARNEST
IN SEEKING A WAY OUT OF THE IMPASSE. THE AMBASSADOR
WILL BE SEEING THE FOREIGN MINISTER ON THE ISSUE NEXT
WEEK. BUT WE DO NOT EXPECT THAT DE LA PUENTE WILL
TAKE A POSITION DIFFERENT FROM THAT EXPRESSED BY
SANCHEZ AND LEON DE VIVERO.

DECON 8/24/79

SHLAUDEMAM

NOTE BY OCT: SECTION 2 OF 2 DELAYED IN TRANSMISSION.

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